

# Overview Presentation

## City Manager's 2022 Recommended Budget City Commission Work Session

November 17, 2021

# Today's Work Session

- **Background and Overview of the Policy Budget Process with Performance Management Program 2.0**
- **Focus on Equity and Inclusion**
- **Expenditure Budgets and Budget Solutions**
- **General Fund and Enterprise Budgets**
- Justice CSA (including Police Reform)
- Building & Environmental CSA
- Internal Service Funds

# Background

- In November of 2014, a charter amendment was approved by voters that changed the budget process.
- In 2015, City Commission adopted budget ordinance 31414-15 establishing a new budget process. The major components include:
  - Policy focus
  - Emphasis on Community Service Areas and Community Outcomes
  - Program Objectives and Performance Measures
  - Financial Policies

# Policy Budget Framework



# Community Service Areas

- Community Service Areas (CSAs) are comprised of a group of programs with an integrated mission to address a set of City Commission priorities
- CSAs are linked together to form the framework for the City's Policy Budget



# Performance Management 2.0

The purpose for revamping the Performance Management System is:

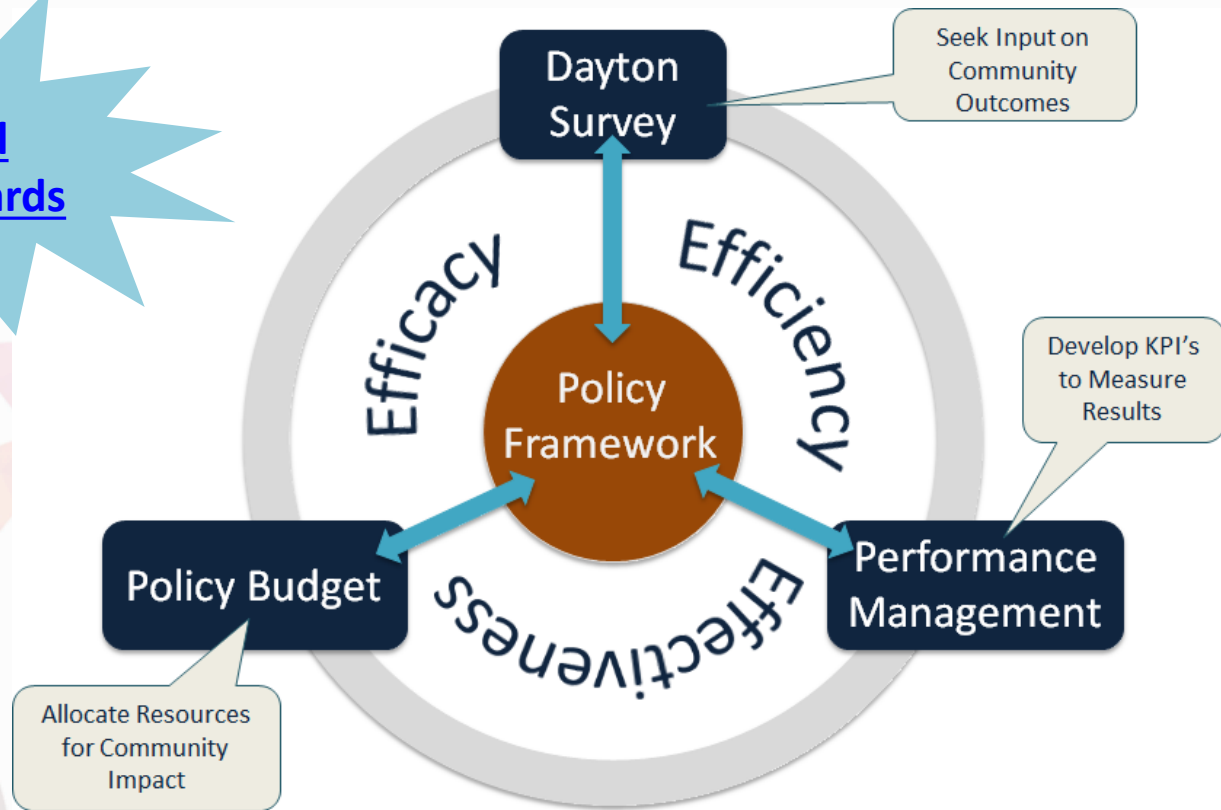
- To establish a multi-year strategic plan based on Commission priorities and track annual progress on the plan through the Policy Framework.
- To tie Commission priorities to program objectives and activities that drive meaningful change in community outcomes.
- To measure the effectiveness and impact of programs and services on meeting the objectives established in the Policy Framework.
- To link Commission Priorities with annual funding levels.

Outcome Based Assessment

Measure What You Value and  
Value What You Measure

# Performance Management 2.0

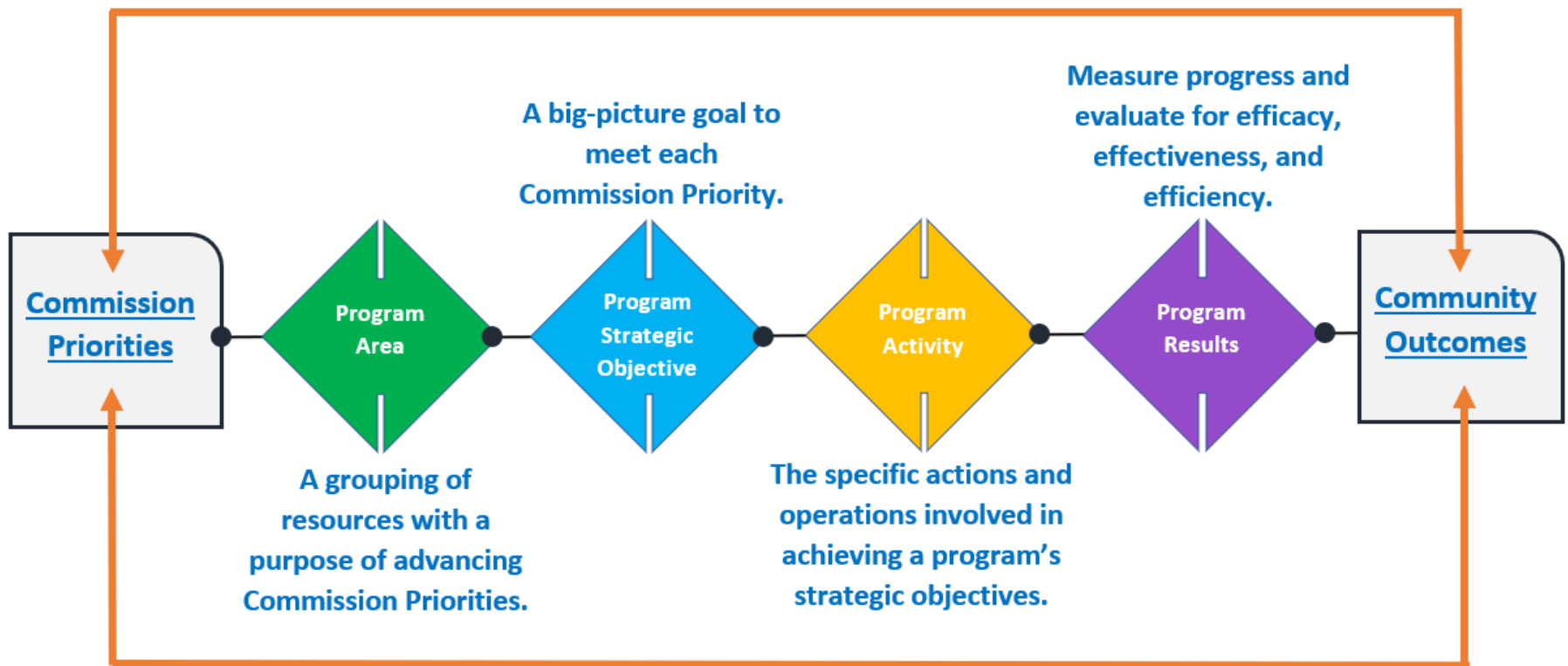
Visual Dashboards



The new system links the Policy Budget with Performance Management by measuring the **Efficacy** (the ability to achieve the desired outcome), **Efficiency** (with little or no waste), and **Effectiveness** (to get the right things done) of City Programs through the Dayton Survey.

# Performance Management 2.0

Commission Priorities are developed from community participation and input.



City Commission priorities are actualized through the Performance Management process with the intent to drive meaningful Community Outcomes.



# Performance Management 2.0

Departments that have undergone  
Performance Management 2.0  
Improvements:

- Public Works
- Planning, Neighborhoods & Development
- Human Relations Council
- Public Affairs
- Human Resources
- Sustainability Office
- Procurement, Management & Budget

Remaining Departments will implement the  
new process during the first half of 2022.

# Equity & Inclusion

- The 2022 City Manager's Recommended Budget has been developed with a lens toward Equity & Inclusion.
- All Departments were asked to describe how their 2022 budget, work plan, and policies address, positively or negatively, communities of color and low-income neighborhoods.
- During 2022 a more formalized tool will be developed with a corresponding rubric and metrics.
- This will allow us to track progress on an annual basis.

**Diversity is a Fact**  
**Equity is a Choice**  
**Inclusion is an Action**  
**Belonging is an Outcome**

# Presentation Focus

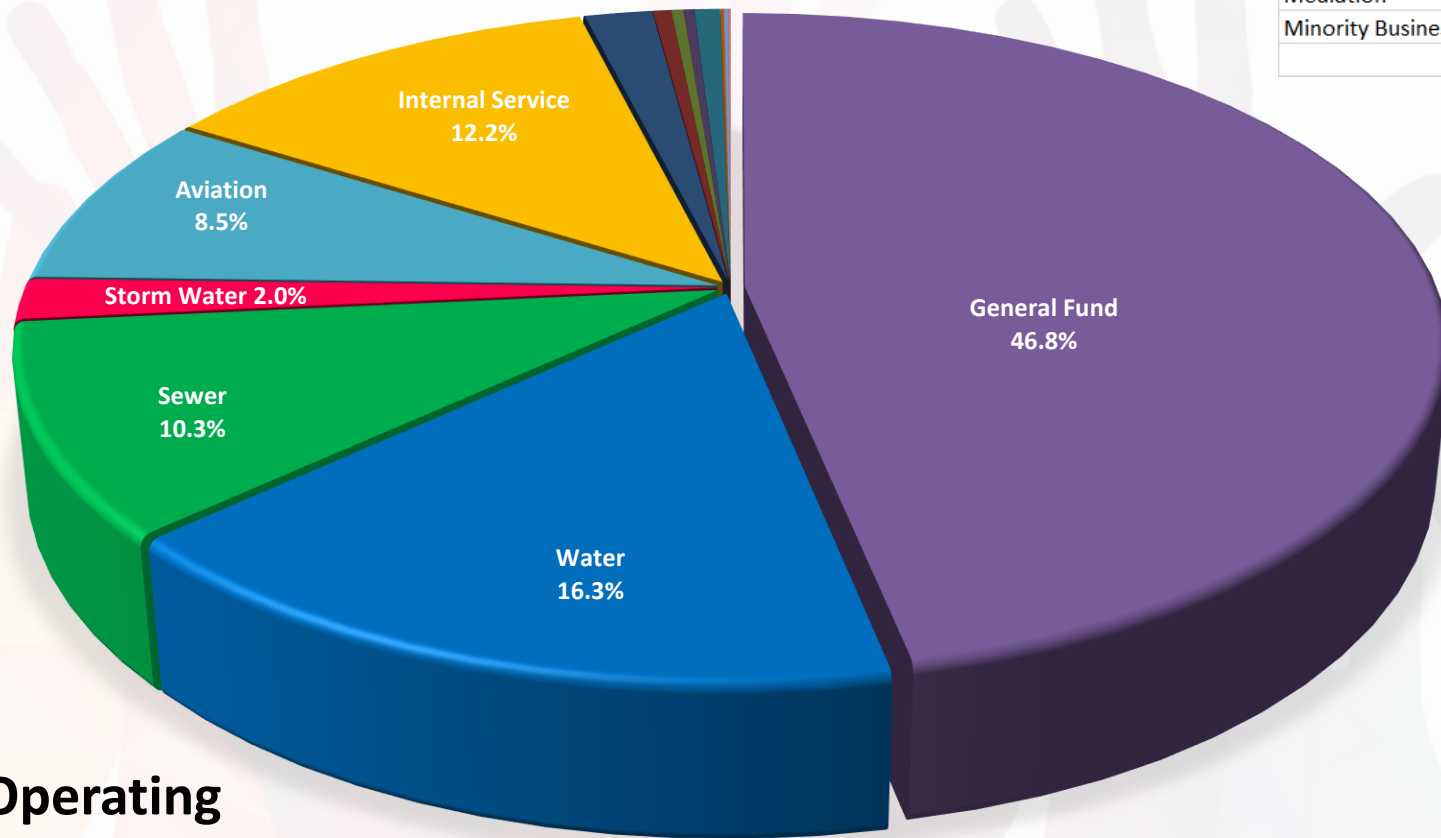
- The City Manager's Recommended Budget is being presented by Community Service Area (CSA), City Commission Priority, and the Programs that address each priority.
- These presentations will cover the following parts of the City Budget:
  - **Operating** – General Fund, Select Special Projects Funds, Roadway Maintenance, Enterprise Funds, Major Grants, and Internal Service Funds
  - **Capital Improvements** – Enterprise, General Capital, HUD and select Special Revenue Funds
- We will not present most Special Projects, Bond Retirement, Non-major Grants and Other Special Revenue Funds.

## 2022 Proposed Budget by Fund

Budget by Fund	2021 Original Budget	2022 Proposed Budget	'21-'22 \$ Chg.	'21-'22 % Chg.
General Fund	176,833,600	198,791,600	21,958,000	12.4%
Water	65,459,600	69,448,300	3,988,700	6.1%
Sewer	41,998,500	43,836,800	1,838,300	4.4%
Storm Water	8,484,500	8,407,500	(77,000)	-0.9%
Aviation	32,723,200	36,040,600	3,317,400	10.1%
Internal Service	47,763,500	51,694,000	3,930,500	8.2%
Roadway	6,542,000	7,798,200	1,256,200	19.2%
Golf	2,100,000	2,079,000	(21,000)	-1.0%
CDBG	2,032,600	1,396,400	(636,200)	-31.3%
Treasury	1,148,100	1,177,100	29,000	2.5%
Photo Enforcement	1,287,500	2,980,900	1,693,400	131.5%
Law Enforcement	525,700	387,400	(138,300)	-26.3%
Mediation	566,600	493,700	(72,900)	-12.9%
HRC - Minority Business Asst Ctr	277,500	300,000	22,500	8.1%
CIRGV	107,100	0	(107,100)	-100.0%
COPS Grant	0	0	0	NA
Street Light Assessment	0	0	0	NA
<b>Total Operating Budgets</b>	<b>\$387,850,000</b>	<b>\$ 424,831,500</b>	<b>\$ 36,981,500</b>	<b>9.5%</b>
Governmental Capital	24,456,500	27,112,000	2,655,500	10.9%
Enterprise Capital	43,084,700	64,067,600	20,982,900	48.7%
<b>Total Capital Budgets</b>	<b>\$ 67,541,200</b>	<b>\$ 91,179,600</b>	<b>\$ 23,638,400</b>	<b>35.0%</b>
<b>Total Proposed Operating &amp; Capital</b>	<b>\$455,391,200</b>	<b>\$ 516,011,100</b>	<b>\$ 60,619,900</b>	<b>13.3%</b>

\* Does not include PY Reappropriated budget.

# 2022 Proposed Operating Budget



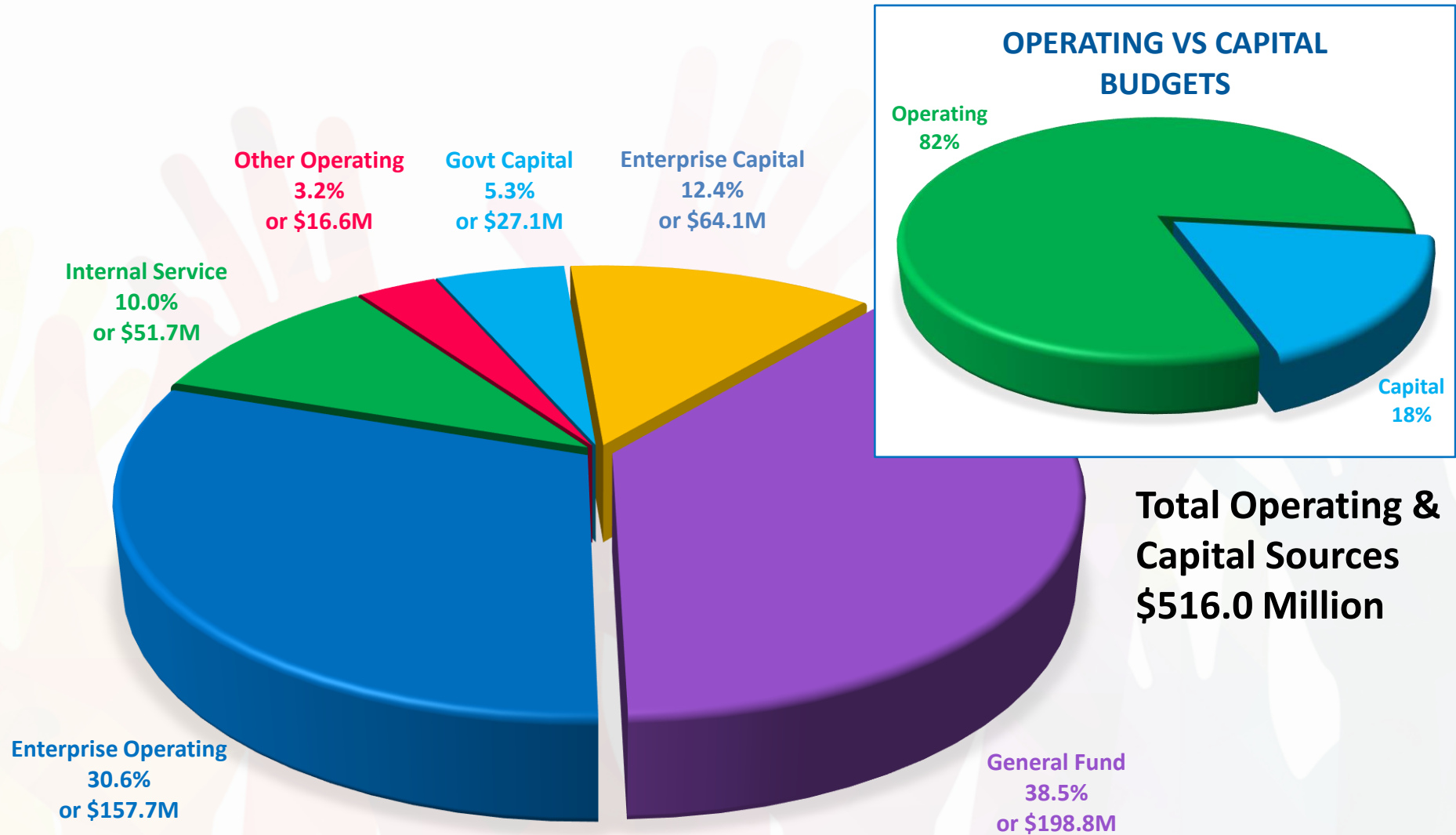
**Total Operating  
Budget  
\$424.8 Million**

# 2022 Proposed Operating & Capital Budget

Community Service Area	2021 Original Budget	2022 Proposed Budget	\$ Chg.	% Chg.
Economic and Community Development	17,104,600	19,755,200	2,650,600	15.5%
Infrastructure	97,148,100	102,334,700	5,186,600	5.3%
Corporate Services and Governance	39,462,000	42,445,000	2,983,000	7.6%
Building and Environmental Safety	115,503,600	126,174,000	10,670,400	9.2%
Justice	65,944,200	73,856,100	7,911,900	12.0%
Internal Service Funds	47,763,500	51,694,000	3,930,500	8.2%
Your Dollars, Your Neighborhood	4,924,000*	8,572,500	3,648,500	74.1%
<b>Total Operating Budgets</b>	<b>\$ 387,850,000</b>	<b>\$ 424,831,500</b>	<b>\$ 36,981,500</b>	<b>9.5%</b>
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<b>Total Proposed Operating &amp; Capital</b>	<b>\$ 455,391,200</b>	<b>\$ 516,011,100</b>	<b>\$ 60,619,900</b>	<b>13.3%</b>
<b>American Rescue Plan Act</b>	<b>\$ 69,988,100</b>	<b>\$ 69,988,100</b>	<b>\$0</b>	<b>0.0%</b>

\*Your Dollars, Your Neighborhood: \$3,384,500 for residential repaving and \$244,000 in Parks Upgrades funded from 2020 G.O. debt proceeds.

# 2022 Proposed Operating & Capital Budget



\* Does not include prior year's unexpended appropriation or ARPA funding



# 2022 Proposed Budget by CSA

Community Service Area	2021 Original Budget	2022 Proposed Budget	\$ Chg.	% Chg.
<b>Economic and Community Development</b>				
Airport Support Services	4,926,600	5,123,400	196,800	4.0%
Development	4,342,500	5,416,100	1,073,600	24.7%
PND Administration	850,300	1,332,600	482,300	56.7%
Planning	803,800	710,200	(93,600)	-11.6%
Community Engagement	178,000	809,600	631,600	354.8%
Convention Center	406,100	0	(406,100)	-100.0%
HRC-Minority Business Asst Center	277,500	300,000	22,500	8.1%
Golf	2,130,000	2,079,000	(51,000)	-2.4%
Recreation	3,189,800	3,984,300	794,500	24.9%
<b>Economic and Community Development</b>	<b>\$ 17,104,600</b>	<b>\$ 19,755,200</b>	<b>\$ 2,650,600</b>	<b>15.5%</b>

- The 2022 proposed budget for the Economic & Community Development CSA is up \$2.7 million or 15.5%. This is the largest percent increase for any CSA.
- The PND and Recreation reorganizations are together contributing \$2.9 million toward this increase.
- The New Development Division climbs \$1.1 million due to restorations to the Development Fund.
- The new Community Engagement Division, which also houses three Welcome Dayton positions, is up \$631,600 due to reinstated and new positions.
- Recreation now has two divisions: Recreation & Youth and Sports with reinstated Rec & Park Aides and Aquatic Specialists.
- The closing of the Convention Center is subtracting \$406,100 from the CSA budget.



# 2022 Proposed Budget by CSA

Community Service Area	2021 Original Budget	2022 Proposed Budget	\$ Chg.	% Chg.
<b>Infrastructure</b>				
Airport Operations and Facilities	13,003,800	13,743,200	739,400	5.7%
Aviation Non-operating	9,081,800	11,067,300	1,985,500	21.9%
Civil Engineering	4,937,500	6,182,700	1,245,200	25.2%
Parks and Forestry	2,823,500	3,075,300	251,800	8.9%
Public Works Administration	573,700	623,100	49,400	8.6%
Street Maintenance	8,427,300	9,689,700	1,262,400	15.0%
Financial Services - Water	1,326,300	1,495,700	169,400	12.8%
Water Administration	936,600	1,097,400	160,800	17.2%
Water Engineering	4,855,800	4,997,300	141,500	2.9%
Water Information Technology	2,972,300	3,172,900	200,600	6.7%
Water Non-operating	27,350,900	25,126,700	(2,224,200)	-8.1%
Water Utility Operation	20,858,600	22,063,400	1,204,800	5.8%
<b>Subtotal</b>	<b>\$ 97,148,100</b>	<b>\$ 102,334,700</b>	<b>\$ 5,186,600</b>	<b>5.3%</b>
Your Dollars, Your Neighborhood	4,924,000	8,572,500	3,648,500	74.1%
<b>Infrastructure</b>	<b>\$ 102,072,100</b>	<b>\$ 110,907,200</b>	<b>\$ 8,835,100</b>	<b>8.7%</b>

- The 2022 proposed budget for the Infrastructure CSA is up \$8.8 million or 8.7%. However, this is just \$837,900 over the 2020 Budget.
- All program areas are experiencing increases except Water Non-operating. This is largely due to a \$1.6 million reduction to the Water Capital transfer.
- In 2021, \$3.6 million in G.O. debt was used to fund Your Dollars, Your Neighborhood investments.

# 2022 Proposed Budget by CSA

Community Service Area	2021 Original Budget	2022 Proposed Budget	\$ Chg.	% Chg.
<b>Corporate Services and Governance</b>				
City Commission Office	1,255,400	1,411,400	156,000	12.4%
City Manager	1,321,900	1,458,800	136,900	10.4%
Sustainability	155,000	220,900	65,900	42.5%
Public Affairs	1,198,000	1,310,600	112,600	9.4%
Civil Service	1,399,600	1,772,900	373,300	26.7%
Finance - Tax and Accounting	5,313,900	5,769,300	455,400	8.6%
Utility Billing and Call Center	3,921,700	4,467,700	546,000	13.9%
Human Resources	815,200	914,100	98,900	12.1%
Organizational Development	125,100	136,100	11,000	8.8%
Information Technology	6,860,000	6,991,700	131,700	1.9%
Law - Civil	1,470,300	1,693,900	223,600	15.2%
Management & Budget	1,278,300	1,348,200	69,900	5.5%
Non-departmental	2,898,800	2,768,400	(130,400)	-4.5%
Procurement	610,800	672,000	61,200	10.0%
Property Management	10,291,300	11,000,000	708,700	6.9%
Oregon Garage	407,000	392,500	(14,500)	-3.6%
PND- Indirect Costs	139,700	116,500	(23,200)	-16.6%
<b>Subtotal</b>	<b>\$ 39,462,000</b>	<b>\$ 42,445,000</b>	<b>\$ 2,983,000</b>	<b>7.6%</b>
Internal Service Funds	47,763,500	51,694,000	3,930,500	8.2%
<b>Corporate Services and Governance</b>	<b>\$ 87,225,500</b>	<b>\$ 94,139,000</b>	<b>\$ 6,913,500</b>	<b>7.9%</b>

- The 2022 proposed budget for the Corporate Services & Governance CSA is up \$6.9 million or 7.9%.
- Civil Service has one reinstated position and additional costs associated with Police/Fire recruit classes and Utility Billing has a higher level of filled positions in trade for former contract positions. Law has a new position recommended through the Procurement Task Force and IT has a new Cyber Security position. Property Management has reinstated positions and costs to upgrade all streetlights to LED.
- Internal Service Funds are experiencing increases in the Health Insurance and Fleet Mgmt budgets.

## 2022 Proposed Budget by CSA

Community Service Area	2021 Original Budget	2022 Proposed Budget	\$ Chg.	% Chg.
<b>Building and Environmental Safety</b>				
Airport Safety Services	5,711,000	6,106,700	395,700	6.9%
Fire Strategic Programs Safety	2,901,200	3,262,000	360,800	12.4%
Fire Support Services	4,827,300	4,864,800	37,500	0.8%
Fire Suppression EMS	32,539,300	36,227,300	3,688,000	11.3%
Building Inspection	2,097,800	2,148,000	50,200	2.4%
Housing & Inspections (including Demolition)	4,264,000	4,266,700	2,700	0.1%
Waste Collection	11,143,000	11,431,500	288,500	2.6%
Environmental and Wellfield Protection	4,270,700	6,505,300	2,234,600	52.3%
Water Reclamation	20,872,100	22,562,100	1,690,000	8.1%
Water Supply and Treatment	26,877,200	28,799,600	1,922,400	7.2%
<b>Building and Environmental Safety</b>	<b>\$ 115,503,600</b>	<b>\$ 126,174,000</b>	<b>\$ 10,670,400</b>	<b>9.2%</b>

- The 2022 proposed budget for the Building & Environmental CSA is up \$10.7 million or 9.2%. This is the largest dollar increase for any CSA.
- Water programs make up \$5.8 million of the increase due to a higher level of Wellfield projects planned for 2022, position grade increases, and an increase in chemical expenses.
- Fire programs make up \$4.1 million of the proposed budget increases due to the restoration of recruit classes in 2021 and 2022.
- Airport Safety Services and Waste Collection are up inflationary amounts.

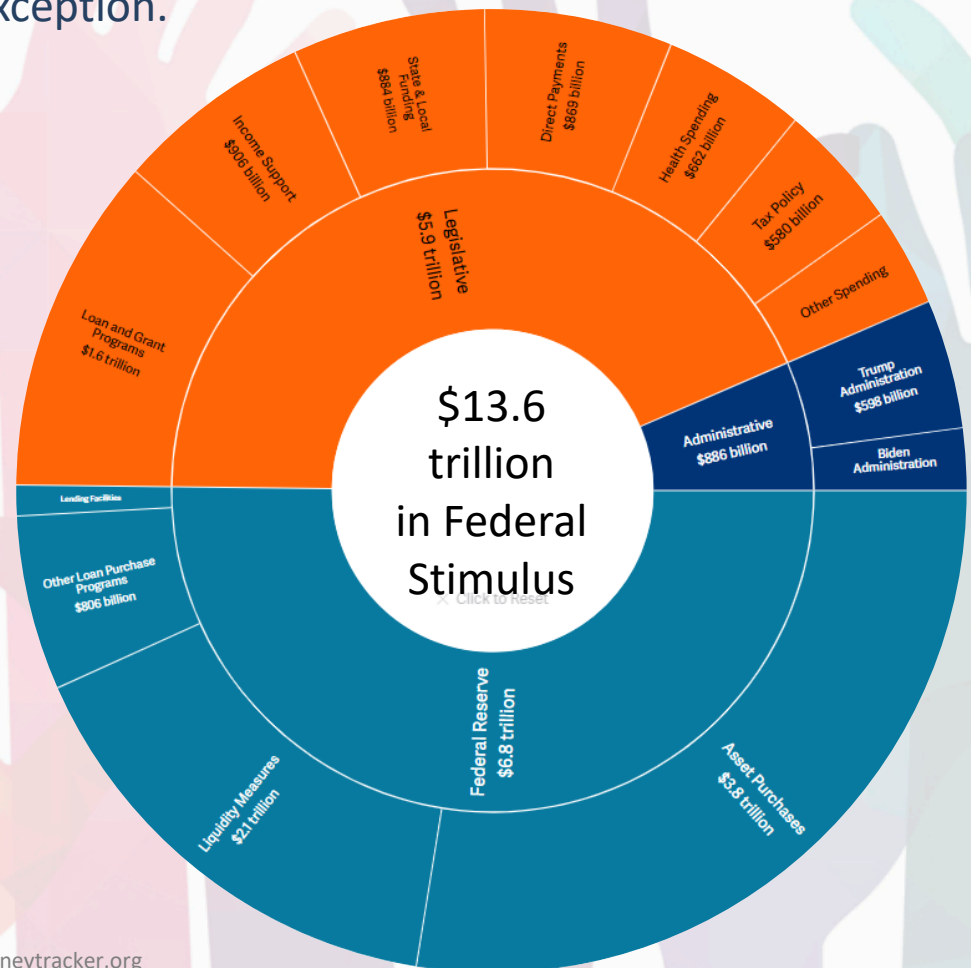
# 2022 Proposed Budget by CSA

Community Service Area	2021 Original Budget	2022 Proposed Budget	\$ Chg.	% Chg.
<b>Justice</b>				
Clerk of Courts	3,740,300	4,079,900	339,600	9.1%
Municipal Courts	4,672,900	5,287,300	614,400	13.1%
Human Relations Council	977,100	1,096,600	119,500	12.2%
Law - Criminal	1,151,600	1,265,200	113,600	9.9%
Mediation Center	566,600	1,368,900	802,300	141.6%
Law Enforcement Funds	525,700	387,400	(138,300)	-26.3%
Patrol Operations	25,220,100	27,198,300	1,978,200	7.8%
Police Investigations and Administration	29,089,900	33,172,500	4,082,600	14.0%
<b>Justice</b>	<b>\$ 65,944,200</b>	<b>\$ 73,856,100</b>	<b>\$ 7,911,900</b>	<b>12.0%</b>

- The 2022 proposed budget for the Justice CSA is up \$7.9 million or 12.0%.
- The Clerk of Courts budget is up 9.1% while Municipal Courts increases \$614,100 or 13.1% due to the restoration of positions from the VSP in 2020.
- The HRC increases 12.2% as a result of the reorganization and a net of 3 new/reinstated positions (Welcome Dayton positions moved to PND – Community Engagement).
- The Law Dept. Criminal Division budget is up 9.9% from filling positions at higher than entry level.
- Police programs make up \$5.9 million of the proposed budget increases after declining in the 2021 original budget. The increase is the result of restored recruit classes in 2021 and 2022.

# 2022 Major Budget Highlights All Funds

- Revenues rebounded in 2021 after \$15 million in cuts to the original 2021 budget to address the COVID-19 economic shock. Supported by unprecedented fiscal and monetary stimulus, recent revenue performance has improved the outlook for 2022 with one major exception.





# 2022 Major Budget Highlights All Funds

- General Fund revenues in 2022 are expected to decline \$7.2 million compared to the revised 2021 forecast, as a consequence of work-from-home options.
- The proposed General Fund budget is balanced with \$1.7 million from FEMA proceeds and \$10.7 million from ARPA, for a total of \$12.4 million in one-time funds.
- Recruit classes for both Police and Fire were restored in the 2021 revised budget and are planned for the 2022 budget.
- We are exerting our best efforts to reach the goal of an average of 365 sworn officers. Due to the reinstatement of the 2021 recruit class, we hope to achieve this metric in 2023.
- The Human Relations Council underwent a reorganization in 2021, adding a net of 3 new positions. These additions are fully budgeted in the proposed 2022 budget.

# 2022 Major Budget Highlights All Funds

- Recreation also underwent a reorganization, establishing the Division of Sports. Seven Rec & Park Aides and two Aquatic Specialist were restored.
- The new Department of Planning, Neighborhoods & Development was created in 2021 and is fully budgeted in 2022 with 15 new positions.
- The reorganization combines the former Departments of Economic Development and Planning & Community Development with the goal of creating a greater impact in our neighborhoods. New positions include:
  - Mediation - Alternative Dispatch – 5 new positions
  - Mediation – Police Reform – 1 new position
  - Community Engagement – 6 new/reinstated positions; includes Welcome Dayton
  - Grants Administration Bureau – 3 new positions
- The nuisance abatement function is fully funded in the General Fund beginning in 2022. A substitution was made moving CDBG funds to capital projects.

# 2022 Major Budget Highlights All Funds

- Police Reform initiatives are funded at \$1.2 million in 2022.
- Your Dollars, Your Neighborhood investments are fully funded with an additional \$3.4 million in debt proceeds for residential repaving.
- Enplanements rebounded during 2021 at the Dayton International Airport and revenues are expected to climb 27% in 2022— but remain \$3.4 million or 13% below 2019 revenue levels.
- Water and Sewer Funds are both projecting modest decreases in revenues, despite rate increases, due to lower consumption levels. Lower revenues coupled with increasing expenses is necessitating a higher planned use of fund balance.





# 2022 Proposed General Fund Budget

# 2022 General Fund Budget Solutions

Major General Fund Budget Solutions	Amount
FEMA Reimbursement	1,650,000
ARPA Proceeds	10,750,600
Joint Economic Development District -- City Share	250,000
Contracts & Materials Cuts	255,000
Cash Investments Reduction -- Offset by Debt Financing	2,700,000
One Health Insurance Holiday (likewise for Employees)	1,400,000
<b>Total Major Budget Solutions for General Fund</b>	<b>\$17,005,600</b>

# 2021 Revised/2022 Proposed General Fund Sources and Uses

General Fund	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Original Budget	2021 Final Estimate	2022 Original Budget	'21 Revised - '22 Original \$ Chg.	'21 Revised - '22 Original % Chg.
Revenues	158.44	170.61	179.23	186.09	187.32	173.80	193.60	186.44	(7.17)	-3.7%
Use of Cash Reserve	0.00	0.00	0.00	0.00	0.00	3.03	0.00	0.00	0.00	N.A.
ARPA/FEMA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.36	12.36	N.A.
<b>Total Sources</b>	<b>\$ 158.44</b>	<b>\$ 170.61</b>	<b>\$ 179.23</b>	<b>\$ 186.09</b>	<b>\$ 187.32</b>	<b>\$ 176.83</b>	<b>\$ 193.60</b>	<b>\$ 198.79</b>	<b>\$ 5.19</b>	<b>2.7%</b>
<b>Total Uses</b>	<b>\$ 157.30</b>	<b>\$ 168.61</b>	<b>\$ 175.79</b>	<b>\$ 183.30</b>	<b>\$ 185.91</b>	<b>\$ 176.83</b>	<b>\$ 193.60</b>	<b>\$ 198.79</b>	<b>\$ 5.19</b>	<b>2.7%</b>
<b>Annual Balance</b>	<b>\$ 1.14</b>	<b>\$ 1.99</b>	<b>\$ 3.44</b>	<b>\$ 2.80</b>	<b>\$ 1.41</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>N.A.</b>

All numbers in \$ millions.

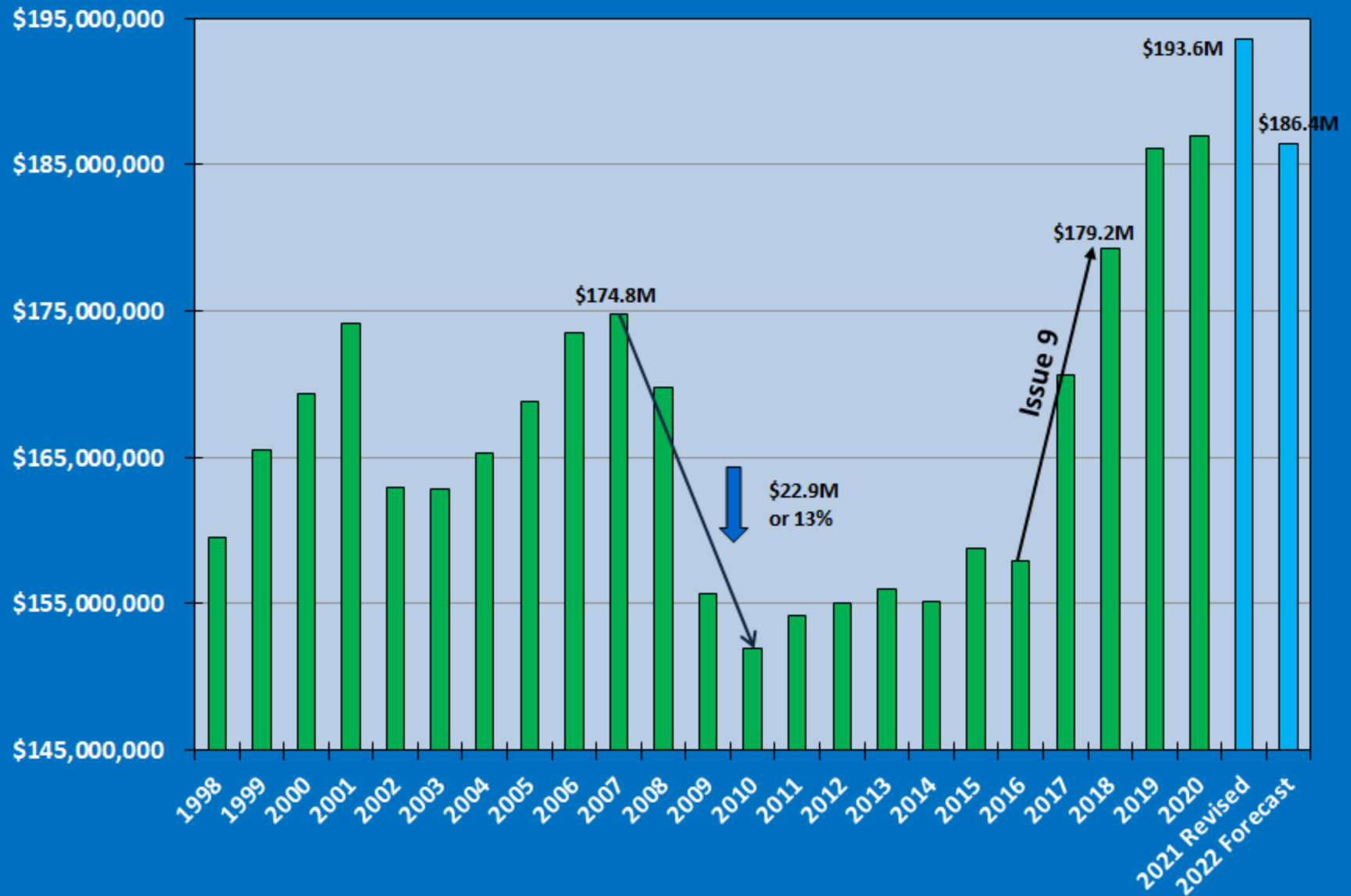
- The 2021 final estimate is \$19.8 million or 11.4% higher than the original estimate due to federal stimulus and the rebound in the economy.
- Uses in 2021 are up a like amount due to restored recruit classes, reorganizations and reinstatement of positions along with recently approved wage increases.
- The 2022 revenue estimate is \$7.2 million less than 2021, as a result of a structural shift in the economy from work-from-home options.
- The 2022 proposed General Fund budget is balanced with the use of \$12.4 million in one-time FEMA/ARPA funds.

# 2021 Revised/2022 Proposed General Fund Sources and Uses

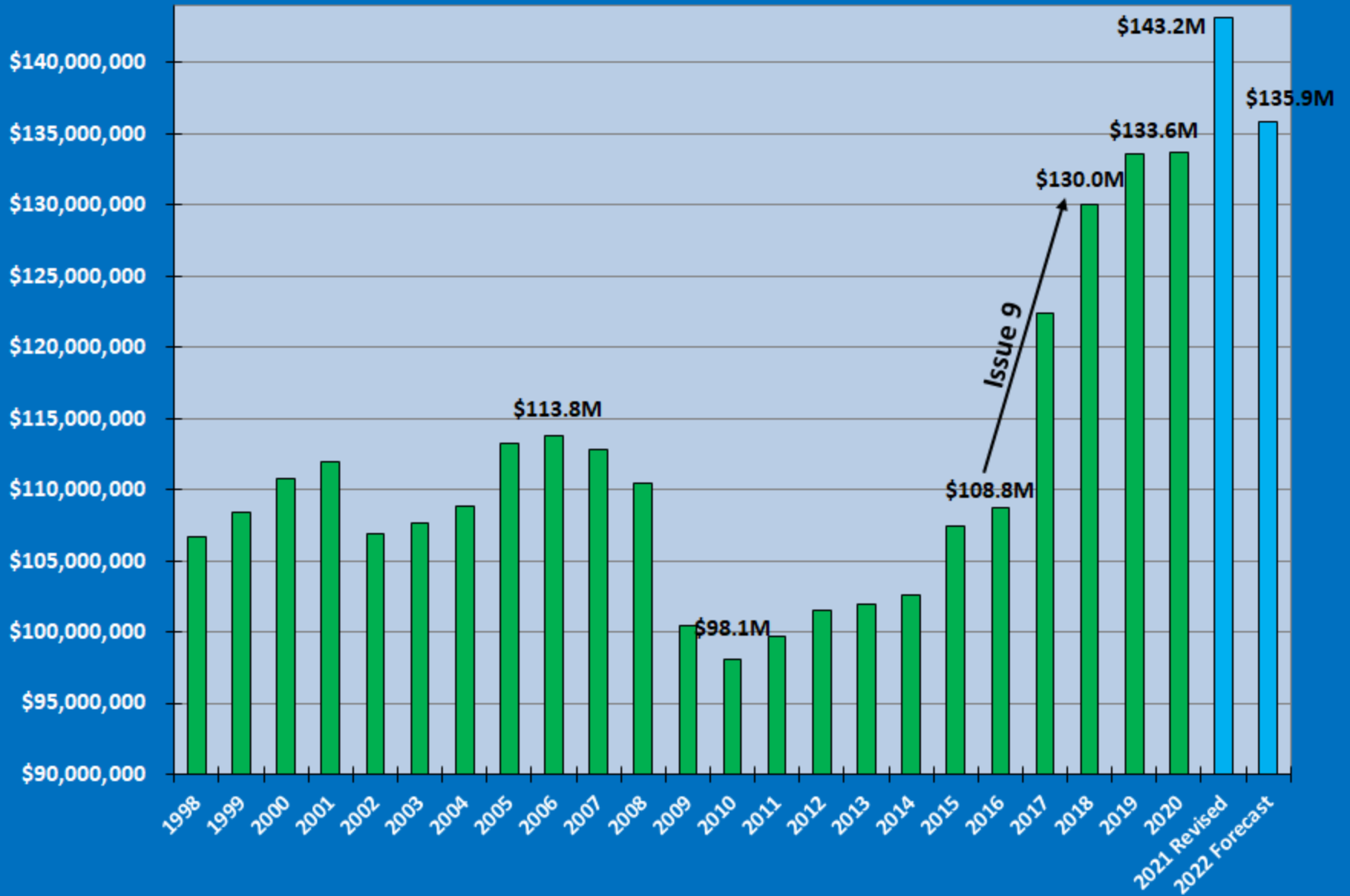
Revenue Category	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Original Estimate	2021 Final Estimate	2022 Original Estimate	'21 Orig to 2022	'21 Orig to 2022	'21 Revised to '22	'21 Revised to '22
Income Tax	108.75	122.37	129.99	133.58	133.73	127.80	143.20	135.88	8.08	6.3%	(7.33)	-5.1%
Property Tax & Other Taxes	5.98	6.06	6.24	6.48	6.25	5.98	6.46	6.33	0.35	0.06	(0.13)	-1.9%
Waste Collection Fees	8.76	8.50	8.85	9.29	9.69	9.13	9.91	10.21	1.08	11.8%	0.30	3.1%
EMS Fees	5.42	3.51	4.10	4.66	4.74	4.68	4.97	5.07	0.40	8.5%	0.10	2.0%
Other Charges for Services	11.59	12.26	10.29	11.16	9.52	9.27	9.58	9.58	0.31	3.3%	(0.01)	-0.1%
Local Gov't Fund	6.50	6.33	6.49	6.92	6.95	7.05	7.74	7.45	0.39	5.6%	(0.29)	-3.8%
Other Intergovernmental	4.68	4.32	4.15	4.27	3.32	3.96	4.48	4.38	0.42	10.5%	(0.10)	-2.2%
Fines and Forfeits	0.65	0.65	0.49	0.41	0.26	0.27	0.50	0.43	0.16	60.4%	(0.07)	-14.3%
Licenses and Permits	1.56	1.72	2.90	3.02	2.26	2.01	2.89	2.92	0.91	45.5%	0.04	1.3%
Other Revenues	4.54	4.89	5.72	6.29	10.28	3.66	3.88	4.20	0.54	14.6%	0.32	8.3%
<b>Total Revenues</b>	<b>158.44</b>	<b>170.61</b>	<b>179.23</b>	<b>186.09</b>	<b>187.00</b>	<b>173.80</b>	<b>193.60</b>	<b>186.44</b>	<b>12.63</b>	<b>7.3%</b>	<b>(7.17)</b>	<b>-3.7%</b>
Use of Cash Reserve	0.00	0.00	0.00	0.00	0.00	3.03	0.00	12.36	9.33	N.A.	12.36	N.A.
<b>Total Sources</b>	<b>\$158.44</b>	<b>\$170.61</b>	<b>\$179.23</b>	<b>\$186.09</b>	<b>\$187.00</b>	<b>\$176.83</b>	<b>\$193.60</b>	<b>\$198.79</b>	<b>\$21.96</b>	<b>\$ 0.12</b>	<b>\$ 5.19</b>	<b>2.7%</b>
% Chg. from Previous Year	-0.2%	7.7%	5.1%	3.8%	0.5%	-1.3%	8.0%					
\$ Chg. from Previous Year	(0.33)	12.17	8.62	6.86	0.90	(2.39)	14.37					

- The 2022 revenue forecast was reviewed and vetted by the Revenue Advisors Group.
- Compared to the 2021 revised estimate, 2022 revenues are expected to experience declines in every category but four: Waste Collection, EMS Fees, Licenses & Permits and Other Revenues.
- 2022 revenues of \$186.4 million are slightly lower than revenues in 2020—despite a worldwide pandemic and a \$7.3 million reduction in Income Taxes.
- Given the declines in revenue, it was necessary to use \$12.4 million of the cash reserve to balance the 2022 General Fund budget.

# Total General Fund Revenue



# Income Tax Collections



# 2022 General Fund Budget Take-Aways

- Revenues are projected to climb a hefty \$6.6 million in 2021, despite \$5.7 million in one-time BWC refunds in 2020.
- The driving force behind 2021 performance is the skyrocketing corporate profits tax and higher inflation-driven withholding.
- Income tax is expected to decline \$7.3 million in 2022 as a result of work-from-home options.
- The expenditure budget is increasing \$5.2 million over the 2021 Final Revised and \$22 million over the 2021 Original Budget as a result of strategic position restorations, largely through Department reorganizations, reinstatement of recruit classes, and negotiated wage increases.
- The combination of lower revenues and higher expenditures in 2022 necessitates the use of \$12.4 million in one-time federal funding.
- We have a 3-year runway to tackle this structural imbalance before facing a fiscal cliff in 2025.



# 2021 Revised/2022 Proposed Water Sources and Uses

	2021 Original	2022 Proposed	\$ Chg.	% Chg.
Revenues	59,628,700	58,700,400	(928,300)	-1.6%
Use of Fund Balance	5,834,300	10,747,900	4,913,600	84.2%
<b>Total Sources</b>	<b>65,463,000</b>	<b>69,448,300</b>	<b>3,985,300</b>	<b>6.1%</b>
<b>Program Area</b>				
Environmental and Wellfield Protection	3,607,100	5,817,700	2,210,600	61.3%
Water Supply and Treatment	26,877,200	28,799,600	1,922,400	7.2%
<b>Total Building and Environmental</b>	<b>30,484,300</b>	<b>34,617,300</b>	<b>4,133,000</b>	<b>13.6%</b>
Utility Billing and Call Center	2,648,800	2,995,500	346,700	13.1%
Finance - Tax and Accounting	481,000	396,000	(85,000)	-17.7%
Finance Consolidated Call Center	950,400	825,700	(124,700)	-13.1%
<b>Total Corporate and Governance</b>	<b>4,080,200</b>	<b>4,217,200</b>	<b>137,000</b>	<b>3.4%</b>
Development - Wellfield	126,800	133,700	6,900	5.4%
<b>Total Economic and Community Development</b>	<b>126,800</b>	<b>133,700</b>	<b>6,900</b>	<b>5.4%</b>
Water Administration	936,600	1,097,400	160,800	17.2%
Financial Services - Water	951,000	1,087,000	136,000	14.3%
Water Engineering	1,870,800	1,980,600	109,800	5.9%
Water Information Technology	2,972,300	3,172,900	200,600	6.7%
Water Non-operating	4,649,000	4,215,000	(434,000)	-9.3%
Water Utility Operation	10,333,600	11,427,200	1,093,600	10.6%
Transfers to Capital	9,058,400	7,500,000	(1,558,400)	-17.2%
<b>Total Infrastructure</b>	<b>30,771,700</b>	<b>30,480,100</b>	<b>(291,600)</b>	<b>-0.9%</b>
<b>Total Uses</b>	<b>65,463,000</b>	<b>69,448,300</b>	<b>3,985,300</b>	<b>6.1%</b>
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>		

- Water Fund revenues are projected to decline a modest 1.6% in 2022 due to lower assumed consumption levels.
- The Wellfield program area is projected to climb \$2.2 million based on a higher level of investment spending, which is coming from fund balance.
- Utility Billing & Call Center has the addition of two positions that were formerly contract positions.
- In other program areas, positions have been upgraded in an effort to attract applicants.



# 2021 Revised/2022 Proposed Sewer Sources and Uses

	2021 Original	2022 Proposed	\$ Chg.	% Chg.
Revenues	39,977,000	38,691,200	(1,285,800)	-3.2%
Use of Fund Balance	2,021,500	5,145,600	3,124,100	155%
<b>Total Sources</b>	<b>41,998,500</b>	<b>43,836,800</b>	<b>1,838,300</b>	<b>4.4%</b>
<b>Program Area</b>				
Water Reclamation	20,872,100	22,562,100	1,690,000	8.1%
<b>Total Building and Environmental</b>	<b>20,872,100</b>	<b>22,562,100</b>	<b>1,690,000</b>	<b>8.1%</b>
Financial Services - Water	96,100	109,000	12,900	13.4%
Water Engineering	1,676,300	1,655,700	(20,600)	-1.2%
Water Non-operating	5,479,400	5,224,800	(254,600)	-4.6%
Water Utility Operation	6,949,600	7,360,200	410,600	5.9%
Non-departmental (transfers out)	6,925,000	6,925,000	-	0.0%
<b>Total Infrastructure</b>	<b>21,126,400</b>	<b>21,274,700</b>	<b>148,300</b>	<b>0.7%</b>
<b>Total Uses</b>	<b>41,998,500</b>	<b>43,836,800</b>	<b>1,838,300</b>	<b>4.4%</b>
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>		

- Sewer Fund revenues are projected to decline 3.2% due to lower consumption levels, despite rate increases.
- New and changing regulations are driving higher costs for chemicals in the Water Reclamation program area.
- Positions have been upgraded to make them more attractive to potential applicants in the Water Utility program area.

# 2021 Revised/2022 Proposed Storm Water Sources and Uses

	2021 Original	2022 Proposed	\$ Chg.	% Chg.
Revenues	8,777,600	8,765,300	(12,300)	-0.1%
Use of Fund Balance	0	0	0	NA
<b>Total Sources</b>	<b>8,777,600</b>	<b>8,765,300</b>	<b>(12,300)</b>	<b>-0.1%</b>
<b>Program Area</b>				
Environmental and Wellfield Protection	559,600	573,600	14,000	2.5%
<b>Total Building and Environmental</b>	<b>559,600</b>	<b>573,600</b>	<b>14,000</b>	<b>2.5%</b>
Street Maintenance	1,522,500	1,635,300	112,800	7.4%
Financial Services - Water	279,200	299,700	20,500	7.3%
Water Engineering	1,308,700	1,361,000	52,300	4.0%
Water Non-operating	239,100	261,900	22,800	9.5%
Water Utility Operation	3,575,400	3,276,000	(299,400)	-8.4%
Non-departmental (transfers out)	1,000,000	1,000,000	0	0.0%
<b>Total Infrastructure</b>	<b>7,924,900</b>	<b>7,833,900</b>	<b>(91,000)</b>	<b>-1.1%</b>
<b>Total Uses</b>	<b>8,484,500</b>	<b>8,407,500</b>	<b>(77,000)</b>	<b>-0.9%</b>
<b>Ending Balance</b>	<b>\$ 293,100</b>	<b>\$ 357,800</b>	<b>\$ 35,800</b>	<b>22.1%</b>

- Storm Water revenues are projected to be flat in 2022 and there is no planned use of fund balance.
- Total Uses are down \$77,000 largely due to cost containment efforts.
- The 2022 budget projects an addition to fund balance of \$357,800 after a projected \$293,100 addition in 2021.

# 2021 Revised/2022 Proposed Aviation Sources and Uses

	2021 Original	2022 Proposed	\$ Chg.	% Chg.
Revenues	20,272,600	25,754,500	5,481,900	27.0%
PFC/CFC Transfers	5,056,200	4,820,000	(236,200)	-4.7%
Federal Support	6,384,600	5,054,900	(1,329,700)	-20.8%
Use of Fund Balance	1,009,800	411,200	(598,600)	-59.3%
<b>Total Sources</b>	<b>32,723,200</b>	<b>36,040,600</b>	<b>3,317,400</b>	<b>10.1%</b>
<b>Program Area</b>				
Airport Safety Services	5,711,000	6,106,700	395,700	6.9%
<b>Total Building and Environmental</b>	<b>5,711,000</b>	<b>6,106,700</b>	<b>395,700</b>	<b>6.9%</b>
Airport Support Services	4,926,600	5,123,400	196,800	4.0%
<b>Total Economic &amp; Community Development</b>	<b>4,926,600</b>	<b>5,123,400</b>	<b>196,800</b>	<b>4.0%</b>
Airport Operations and Facilities	13,003,800	13,743,200	739,400	5.7%
Aviation Non-operating	6,948,800	7,228,400	279,600	4.0%
Non-departmental (transfers out)	2,133,000	3,838,900	1,705,900	80.0%
<b>Total Infrastructure</b>	<b>22,085,600</b>	<b>24,810,500</b>	<b>2,724,900</b>	<b>12.3%</b>
<b>Total Uses</b>	<b>32,723,200</b>	<b>36,040,600</b>	<b>3,317,400</b>	<b>10.1%</b>
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>		

- Projected Aviation revenues are up 27% as enplanements recover from 2020 historic lows. 2022 revenues remain 13% lower than 2019.
- With enplanements improving less federal stimulus support is required in 2022 despite increasing expense levels.
- The Aviation Fleet operation is moving to Centralized Fleet in 2022, saving the Department an estimated \$200,000 annually.
- The 2022 expense budget increases are largely at inflationary levels with the exception of support for capital projects. The increase in transfers out of \$1.7 million funds the cash match for the \$13 million central ramp improvement project.

# Budget Vulnerabilities

- COVID-19 and Its Variants
- Work-From-Home Revenue Reductions
- Structural Imbalance and the 2025 Fiscal Cliff
- Cybersecurity and IT Investment
- Employee Shortages, Turnover, and Burnout
- Inflationary Pressures
- Climate Change and Severe Weather Events
- Social Changes
- Rising Health Insurance Costs – Post COVID
- Aging Infrastructure, Facilities, and Equipment



# 2022 Overview Summary

- City revenues rebounded in 2021 as a result of sizable fiscal and monetary stimulus, but growth is expected to taper in 2022.
- Strategic reorganizations and position reinstatements along with priority funding for Police Reform, community engagement and critical City services/investments are increasing the proposed operating budget by \$37 million.
- Use of one-time sources provides a runway for the General Fund, as well as the Aviation Fund, to address their structural imbalances.
- The American Rescue Plan Act funding of \$138 million coupled with the Infrastructure Bill and other federal funding will provide an unprecedented opportunity to achieve the following desired community outcomes:
  - Advance opportunity and wealth creation in historically underserved black and brown communities
  - Leverage funding sources in targeted geographies to create transformational and sustainable impacts
  - Identify major catalytic projects to accelerate economic recovery and resiliency